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1947 OUTLOOK ISSUE

THE Poultry and Egg SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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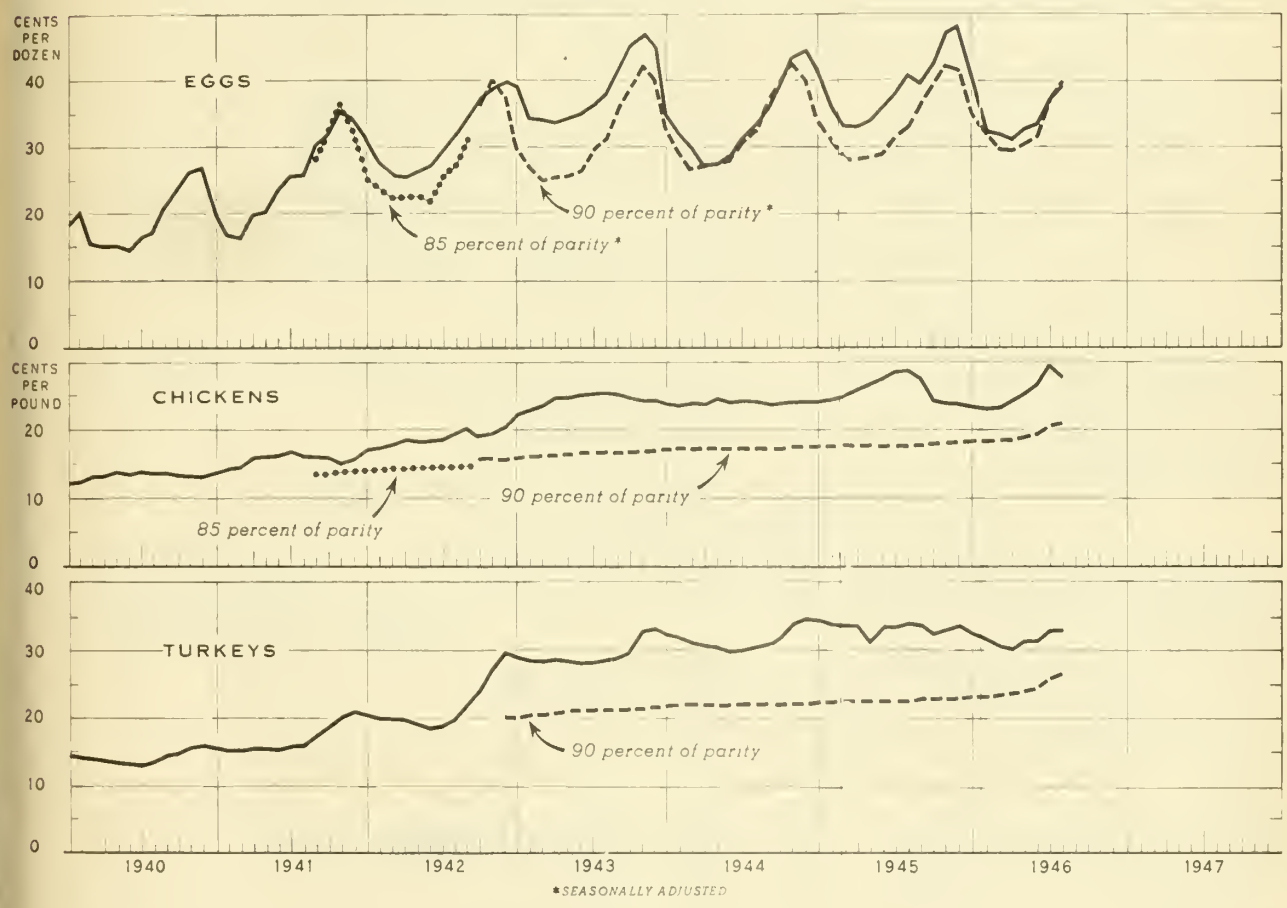
PRICES RECEIVED BY FARMERS FOR EGGS, CHICKENS, AND TURKEYS, UNITED STATES, 1940-46
AND PRICES AT 85 PERCENT AND 90 PERCENT OF PARITY FOR SELECTED PERIODS



U. S. DEPARTMENT OF AGRICULTURE NEG 43914 BUREAU OF AGRICULTURAL ECONOMICS

Farmers are likely to receive higher prices for eggs in 1947 than in 1946, since 1947 minimum support levels will be higher than 1946 returns. Prices received by farmers for chickens and turkeys will probably reach new high levels in late 1946 or early 1947 when meat supplies will continue short and consumer incomes will be high.

Under the Steagall amendment, prices of eggs, chickens, (excluding live birds weighing less than 3 1/2 pounds and all broilers), and turkeys must be supported at not less than 90 percent of parity at least during 1947 and 1948.

The Poultry and Egg Situation at a Glance

Item	Unit	Month	Average 1935-44	1945	1946	Comments about 1946
Eggs						
Farm production	Million doz.	Aug.	259.5	328.3	303.0	Production for first 8 months was 2 percent below corresponding period of 1945.
Average number of layers on farms	Million	"	263.5	303.7	291.5	Layers increased 0.4 of one percent during August compared with 0.6 percent decrease last year.
Rate of lay per hen	Number	"	11.8	13.0	12.5	
Apparent civilian per capita disappearance	"	July	27	35	30	
Frozen egg production	Mil.lb.	"	---	26.2	20.6	
Dried egg production	" "	"	---	8.0	12.8	
Prices received by farmers	Cts. per doz.	Aug.	25.2	40.8	39.1	About usual seasonal increase from July.
Prices received by farmers as percentage of parity	Percent	"	87	112	88	Parity index rose 5 points from mid-July to mid-August.
Retail price (B.A.E.)	Cts. per doz.	July	32.0	48.3	48.8	
Egg-feed ratio	Lb. feed	Aug.	12.3	14.0	10.0	Less favorable for egg production than average.
Stocks: 1/						
Shell	1,000 cases	July	7,743	5,926	9,616	Stocks for commercial use near record levels.
Frozen	" "	"	5,498	6,631	6,964	
Dried	Mil.lb.	"	---	27	7	
Chicks hatched	Million	"	35.5	105.8	30.8	Hatchings for broiler production are increasing.
Potential layers on farms 1/	"	"	574.6	623.0	582.2	
Pullets not of laying age 1/	"	"	287.5	318.4	291.2	
Prices paid by farmers for laying mash	Dol. per cwt.	Aug.	2.61	3.61	4.72	All time high.
Poultry						
Prices received by farmers for chickens	Cts. per lb.	Aug.	17.2	28.6	27.6	Decrease of 1.8 cents from previous month, but in early September were rising.
Prices received by farmers as percentage of parity	Percent	"	108	145	118	
Retail price of chickens (BAE)	Cts. per lb.	July	31.2	41.2	47.3	
Prices received by farmers for turkeys	" " "	Aug.	18.1	33.8	32.8	
Stocks: 1/						
Poultry, excluding turkeys	Mil.lb.	July	53.7	82.6	115.2	
Turkeys	" "	"	16.4	20.6	62.8	Continues a record.
Chicken-feed ratio	Lb. feed	Aug.	8.4	9.8	9.1	
Turkey-feed ratio	" "	"	8.8	11.6	8.4	
Receipts of poultry at Central Western Primary Markets, per plant	1,000 lb.	"	22.5	25.2	31.8	
General business conditions (Index numbers, 1935-39=100)						
Industrial production (FRB)		July	146	210	174	
Wholesale prices (BLS):						
All commodities		"	108.5	131.4	154.2	
Farm products		"	116.6	169.7	206.6	
Nonagricultural income payments (Dept. of Commerce)		"	138.0	240.3	240.0	

1/ End of month.

THE POULTRY AND EGG SITUATION

Approved by Outlook and Situation Board, September 12, 1946

Contents

	Page
Summary	3
Outlook for 1947	6
Some Long Time Factors Affecting the Egg and Poultry Outlook	14
Recent Developments	21

SUMMARY

Farmers in 1947 will receive higher egg prices than in 1946. Sharp increases have occurred during the past few months in the prices paid by farmers, including interest and taxes. These increases raise the minimum support levels for eggs. During the 1947 flush production season, support prices (90 percent of parity) will be at least 7 percent above prices actually received by farmers this year. The average price received by farmers from March through June 1946 was 32.4 cents per dozen, 96 percent of parity.

Poultry ration costs in the first part of 1947, despite record feed grain production, are expected to show a greater percentage increase over the first part of 1946, when ceiling prices were in effect on grains, than egg prices. If so, the egg-feed price ratio will be lower in the 1947 hatching season than in 1946. On the basis of past relationships, this would result in a slight decrease in the number of chickens raised in 1947 compared with 1946. Large feed supplies and better distribution however, may temper the decrease. Under such circumstances, the number of hens and pullets on farms by January 1, 1948 would be nearly as large as on January 1, 1947. The number of hens and pullets January 1, 1947 is forecast at 435 million, 7 percent below the previous January 1, but 20 percent above pre-war (1935-39).

Egg production in 1947 will be 6 to 9 percent lower than in 1946. But, egg supplies will decrease less than production because the January 1, 1947 prospective carryover of shell and frozen eggs will be about 60 million dozen, shell-egg equivalent, above January 1, 1946.

Higher egg prices in 1947 probably will be accompanied by some decrease in egg consumption. The 1946 consumption rate is indicated at about 370 eggs per person, and second only to the 1945 record consumption of 392 eggs per person. The United States supply of and demand for eggs probably will be reasonably well in balance at support prices if the equivalent of 100 million to 200 million dozen eggs are procured for export.

A high level of consumer purchasing power and moderately short meat supplies will tend to keep demand for chicken and turkey strong for the remainder of 1946 and first half of 1947. Chicken prices will reach new-record peaks in the next few months and turkey prices may exceed previous highs. But prices of chicken and turkey are expected to decline after mid-1947 when seasonal increases in marketings will occur and when consumer incomes may be declining.

Total chicken meat output in 1947 will be about the same as in 1946. Chicken meat from farm flocks may be less, in line with the prospective decrease in the number of chickens raised. But commercial broiler output, reflecting favorable returns and ample feed supplies, will increase substantially. Total chicken meat output in 1946 is tentatively indicated at 3,150 million pounds, 15 percent below 1945. Of this quantity, commercial broilers account for about 650 million pounds, a reduction of 22 percent from the record 1945 output.

The number of turkeys raised in 1947 is likely to increase over 1946 and may exceed the1945 record of nearly 45 million birds. Favorable returns to turkey growers for the past four years, strong demand and high prices for turkeys in the first half of 1947, and sufficient supplies of feed will stimulate a high leve of output.

The longtime upward trend in rate of lay probably will continue with more all-pullet flocks and improved efficiency in breeding and feeding practices. This will further level out seasonal variation in egg production.

Foreign trade in eggs after 1947 is expected to revert to its prewar status when no more than 2 percent of the annual production was imported or exported. The only possible large outlet at present appears to be the United Kingdom. With the rehabilitation of poultry numbers in Continental Europe and increased exports from Canada, Australia and Argentina, United States exports will decline. Total exports of eggs and egg products from 1941 through 1945 were nearly 2,500 million dozen shell egg equivalent, about 11 percent of the total production. Two-thirds of the exports were to the United Kingdom, and about 30 percent to the USSR.

So long as consumer income remains substantially above prewar more chicken and turkey meat will be consumed than in prewar years. Other factors leading to gains in poultry meat production and consumption include improved marketing methods and more efficient production techniques.

Commercial broiler output is expected to increase in the next few years and probably will exceed the record 1945 levels. This increase will be necessary to offset a decline of chicken meat output from farm flocks resulting from a 5 to 10 percent decline in egg production.

Turkey meat consumption has been becoming less highly seasonal, as a larger proportion of birds are being consumed in the "off-season" (February-August). This trend probably will stimulate further increases in turkey production. Largest percentage increases have taken place in the northeast and areas surrounding large consuming centers.

OUTLOOK FOR 1947

BACKGROUND - Meat Supply Prospects - The adequacy of meat supplies has been important in determining the demand for poultry products during recent years, particularly in 1945 and 1946. Eggs were plentiful at or below ceiling prices except for parts of 1943 and 1945. This use of eggs as a substitute for meat was to some extent responsible for the relatively favorable egg-price situation prevailing during 1945 and the first half of 1946. The demand-supply gap for meat was very wide in 1945, but narrowed in 1946. Shortages of meat also strengthened the demand for chicken and turkey during these years.

The 1947 production of all meats is expected to be somewhat below 1946. Most of the reduction probably will come during the first part of the year. Per capita meat supplies in 1947 may be somewhat smaller than in 1946. During the first half of 1947, meat supplies are likely to be less than in 1946, but by the latter half will probably be ahead of 1946. If price ceilings and shortages of meat continue through the first half of 1947, poultry products probably will continue to supplement the short supply of meats. Removal of price ceilings on meats after mid-1947 will restore competition between eggs and meats on a price basis.

Table 1.-Production and consumption of red meats, average 1935-39, 1940-46

Year	Production	Civilian Consumption	
		Total	Per person
	Mil. lb.	Mil. lb.	Pound
Average 1935-39	16,182	16,303	125.6
1940	18,995	18,732	141.0
1941	19,493	18,763	141.4
1942	21,738	18,245	137.9
1943	24,136	17,666	136.3
1944	24,670	19,185	148.4
1945	22,891	17,857	137.7
1946 1/	22,600	20,644	148.0

1/ Tentative indication, September 1946.

Feed Supply Prospects - The most severe stages of the tight feed situation apparently had passed by early July, when new-crop wheat and oats became available to supplement good pastures in most sections of the country. During May and June, poultry culling operations were heavier than usual. Also, commercial hatchings in May, June, and July were below any recent years. This resulted in a sharp decrease in the number of late chickens raised.

September prospects for feed-grain supplies in the 1946-47 feeding season are favorable. A record corn crop is in prospect, and the second largest crop of oats is almost all harvested; but barley production is below that of a year ago. The September indicated supply of feed grains for 1946-47, including carry-over of old-crop grain plus the new production, would be the second largest on record, and the largest on the basis of animals to be fed. With the larger domestic supply of feed grains a substantial reduction is expected in the quantity of wheat to be fed. The output of high-protein feed may be about the same in 1946-47 as in 1945-46.

The total supply of feed concentrates for the 1946-47 season, including feed grains, byproduct feeds, and wheat and rye for feed, on the basis of September indications, would be slightly larger than the 1945-46 total supply of 160.4 million tons. With the number of livestock on January 1, 1947 expected to be about 5 to 6 percent below the previous year, the supply per animal unit would be 6 to 7 percent larger than a year earlier.

Egg Prices to be Higher, But Near Support Levels

Domestic demand for eggs in 1947 is expected to be slightly stronger than in 1946. Civilian meat supplies may be slightly smaller and the level of national income for the year is expected to be slightly larger than in 1946. Demand for egg exports at present is unsteady. Although there will be some export demand during 1947, no firm contracts have as yet been made between the United States and foreign countries. About 10 million cases of eggs are being used in 1946 for drying and freezing for export, equivalent to 6 percent of the total supply.

Prices received by farmers for eggs next spring probably will be at or near support levels. Total supplies available may exceed demand for domestic use at support prices by 100 to 200 million dozen shell. Because of recent and prospective increases in the parity index, the minimum support level of 90 percent of parity during the flush production season (March-June) of 1947 will be close to 35 cents per dozen. The minimum support level during the flush production season of 1946 was 29 cents per dozen. Prices received by farmers for March-June, 1946 averaged 32.4 cents per dozen, 96 percent of parity. The parity index for March-June 1946 averaged 184, while on August 15 it was 204, an increase of 11 percent. (See Table 2)

The over-all demand for eggs has been weaker in 1946 than in 1945. Even though egg production is now estimated at about 3 percent less than 1945, prices received by farmers, averaging approximately 38 cents per dozen, are 3 percent below 1945.

The weaker consumer demand for eggs during 1946 resulted partly because of larger meat supplies. (See table 1.) Civilian per capita egg consumption is tentatively indicated at about 370 eggs, about 20 eggs below the record of 1945. Export demand has been materially stronger in 1946 than in 1945, with the USDA purchasing the equivalent of about 300 million dozen shell eggs for foreign shipment compared with 105 million dozen purchased in 1945.

Table 2.- Eggs: Average prices received by farmers, parity price, and farm price as percentage of parity price, 1930-45 annual, 1946 by months

Year	Farm price	Parity price	Farm price as percentage of parity	Year	Farm price	Parity price	Farm price as percentage of parity
	Cents	Cents	Percent		Cents	Cents	Percent
1930	25.1	34.4	73	1943	38.7	34.8	111
1931	18.6	30.3	61	1944	33.8	36.5	92
1932	16.0	26.7	60	1945	39.0	37.3	105
1933	15.3	25.8	59	1946 1/	38.0	41.0	93
1934	18.4	27.7	66	Jan.	41.1	38.9	106
1935	24.1	28.0	86	Feb.	32.6	35.6	92
1936	23.0	27.3	84	Mar.	32.1	32.9	98
1937	21.7	28.6	76	Apr.	31.3	32.7	96
1938	21.3	27.1	79	May	32.8	33.7	97
1939	18.4	26.7	69	June	33.5	35.1	95
1940	19.1	26.9	71	July	37.1	41.1	90
1941	25.0	28.4	88	Aug.	39.1	44.3	88
1942	31.4	32.2	98				

1/ Preliminary indication, September, 1946

Price Supports for Eggs under the Steagall Amendment

Under Sections 8 and 9 of the Stabilization Act approved October 2, 1942, prices of "Steagall" commodities are to be supported at not less than 90 percent of parity until 2 years after the January 1 following the date upon which Congress or the President shall proclaim hostilities ended. No proclamation of that type has yet been released, so that price support legislation, unless changed, will be in effect at least during 1947 and 1948. Eggs, chickens (excluding birds weighing less than 3.5 pounds live weight) all broilers and turkeys are among the Steagall commodities.

Parity prices for eggs are computed as follows: The average price received by farmers during the base period (August 1909-July 1914), 21 1/2 cents per dozen, is multiplied by the current monthly index number of prices paid by farmers, including interest and taxes, and divided by 100. Seasonal adjustment factors, which were published in the August 1946 Poultry and Egg Situation, are used in making adjustments for seasonal variation. Parity applies to all grades and weights of eggs sold by farmers in the United States. It should be noted that differentials exist for various grades and weights of eggs and for markets. Prices in surplus-producing areas are, of course, lower than the national average.

Into-Storage Movement of Eggs to be Less

The strong speculative demand for eggs for storing which existed during the flush production season of 1946 is not likely to recur in 1947. This will materially affect the price situation during the spring of 1947.

In 1946 the into-storage movement of shell and frozen eggs was the equivalent of 13.7 million cases, exceeded only in 1943 and 1944 when large quantities were stored for non-civilian uses. For civilian purposes, the combined movement of shell and frozen eggs was a record. This large into-storage movement was a reflection of a strong speculative demand which existed during the spring of 1946 because of prospective shortages in the over-all world food supply and an anticipated lapse of price-ceiling control.

Egg Supplies in 1947 to be Moderately Below 1946

The number of hens and pullets on farms January 1, 1947 is estimated to be 6 to 10 percent below 1946. The basis for the decrease has already been established by reductions in the number of chickens raised in 1946 compared with 1945. The number of chickens raised on farms in 1946, totaling 677 million head, was 18 percent below 1945. The number of potential layers on farms September 1, 1946 was 556 million head, 7 percent below September 1, 1945. In addition, the number of young chickens under 3 months on September 1 was substantially below last year.

Rate of lay probably will be about the same during the first part of 1947 as the high rate in early 1946, so that egg production will fall off in line with the decline in the number of layers. The average rate of lay during the first 6 months of 1946 was a record 90 eggs.

Although egg production in the first half of 1947 may be 6 to 10 percent less than in the first half of 1946, supplies will show a smaller decrease because of the large carry-over of shell and frozen eggs. At least a million cases of shell eggs will be in storage on January 1, 1947 compared with 113,000 cases on January 1, 1946. In addition, there will probably be a near record carry-over of frozen eggs on January 1, 1947 of approximately 150 million pounds compared with 129 million pounds last January 1. In prewar years, a normal carry-over of frozen eggs was about 75 million pounds.

Assuming a decrease in storage operations of shell and frozen eggs during 1947 of 3 to 4 million cases compared with 1946, and a carry-over of about 2 million cases above last year, total egg supplies in the first half of 1947 would be about 3 million cases below 1946, a decrease of 3 percent. Civilian consumption during the first half of 1947 is expected to be somewhat lower than in the first half of 1946. Higher prices will tend to result in a decrease in consumption if the demand is unchanged. The domestic supply and demand probably will be reasonably well in balance at support prices if Government procurement is 100 to 200 million dozen, shell-egg equivalent.

During the second half of 1947 domestic consumption of eggs at support levels is expected to be moderately below the second half of 1946. Some decline in national income may occur and with no price ceilings in effect demand and supply of meat will be in balance. If few or no eggs are purchased by the USDA in the second half of 1947, supplies of eggs available for civilians for that period will be almost as large as in the second half of 1946. It appears that about 90 million dozen shell eggs will be used in meeting Government requirements for exports from July through December 1946.

Table 3. Eggs: Supply and disposition in the United States, averages 1925-29, 1930-34, 1935-39 and years 1940-47

(Shell-egg equivalent)

Year	Total production	Stocks at beginning of year 1/	Imports	Commercial exports and shipments	Eggs used for hatching	Stocks at end of year 1/	USDA net purchases for export 1/	Military procurement	Civilian consumption	
									Total	Per capita
	Mil. doz.	Mil. doz.	Mil. doz.	Mil. doz.	Mil. doz.	Mil. doz.	Mil. doz.	Mil. doz.	Mil. doz.	No.
Averages										
1925-29	3,436	69	48	23	144	72			3,313	334
1930-34	3,370	84	19	2	136	86			3,248	311
1935-39	3,335	78	18	2	126	78			3,225	298
1940	3,629	74	7	5	125	77			3,503	316
1941	3,828	77	15	12	147	124	173	62	3,434	311
1942	4,430	124	3	13	168	310	623	218	3,432	311
1943	4,972	310	1	17	203	308	608	388	3,730	345
1944	5,305	308	1	19	176	457	841	497	3,731	352
1945	5,060	457	4	22	213	116	105	510	4,238	392
1946 2/	4,900	116				About 300			About 370	
1947 3/	6-9% less than 1946								Moderately below 1946	

1/ Includes an allowance for U.S.D.A. stocks since 1941.
2/ Preliminary indication, Sept. 1946. 3/ Forecast.

Egg-Feed Price Ratio Probably Lower

Egg prices at or near support levels during the flush production season of 1947 will be at least 7 percent higher than actual prices received by farmers in 1946. But poultry ration costs, despite the record output, of feed grains are expected to be more than 7 percent higher than last year. Hence, the egg-feed price ratio would not be as favorable during the first half of 1947 as in 1946.

Prices paid by farmers for poultry ration from November 1945 through April 1946 ranged between $2.97 and $3.11 per hundred pounds. During May and June, a sharp upward movement occurred because of increases in price ceilings of feeds. The average price paid by farmers for poultry ration in May was $3.33 and in June $3.49. In July, when price ceilings were removed, it reached $3.94 per hundred pounds but receded to $3.91 by mid-August. Decreases from present levels are expected, but prices paid by farmers for feed during the flush season will probably average 10 to 15 percent higher than in the corresponding period of 1946.

A less favorable egg-feed price ratio in 1947 than in 1946 would induce a decrease in the number of chickens raised, based on past relationships. Except for 1927, the direction of the change in the number of chickens raised has been indicated each year by the change which has occurred in the egg-feed price relationships. But large supplies and better distribution of feed may temper the decrease. The number of chickens raised in 1946 was 677 million, 18 percent below 1945 and the lowest since 1941. For 1947 the number of chickens raised may be about as large as in 1946. If this occurs, about as many hens and pullets will be on farms January 1, 1948 as on hand on January 1, 1947.

Table 4. -Egg-feed price ratio, chickens raised, and hens and pullets on farms, December 31, United States, 1925-46

Year	Egg-feed price ratio* (weighted average)	Chickens raised	Hens and pullets on farms Dec. 31	Percentage of preceding year: Egg-feed price ratio	Chickens raised	Hens and pullets on farms
		Millions	Millions	Percent	Percent	Percent
1925	12.9	679	394	102	103	101
1926	13.5	718	415	105	106	105
1927	13.4	750	427	99	104	103
1928	12.2	700	404	91	93	95
1929	13.1	751	420	107	107	104
1930	13.8	777	402	105	104	96
1931	10.6	709	386	77	91	96
1932	11.6	736	391	109	104	101
1933	14.3	750	385	123	102	98
1934	10.9	644	350	76	86	91
1935	11.4	658	363	105	102	104
1936	13.1	715	380	115	109	105
1937	9.4	601	353	72	84	93
1938	11.4	651	376	121	108	107
1939	12.6	697	393	111	107	105
1940	10.4	617	381	83	89	97
1941	11.5	717	426	111	116	112
1942	13.2	795	488	115	111	115
1943	14.7	934	519	111	118	106
1944	11.2	750	469	76	80	90
1945	12.8	821	469	114	110	100
1946 1/	11.0	677	435	93	82	93

1/ Preliminary

* Weights are as follows: November , 1; December, 2; January, 3; February, 4; March, 5; April, 3; May 1.

Chicken Meat Production to be About the Same- Prices Higher in First Half of 1947

Demand for chicken meat in the first half of 1947 will remain strong. Consumer incomes during early 1947 are expected to continue at record levels, and with higher ceiling prices on red meat, prices received by fermers for chicken probably will reach an all-time high. By the latter half of 1947, however, price declines may occur since consumer incomes probably will be declining while supplies of chicken and red meats will be increasing seasonally

Total chicken meat output in 1947 will be about unchanged from 1946. Farm chicken meat production in 1947 will be somewhat lower chiefly as a result of reduced number of chickens on farms January 1, 1947. Commercial broiler output, however, will increase substantially from 1946 levels because of the improvement in the feed situation and more favorable prices, particularly during the first half of 1947. Total chicken meat output for 1946 is tentatively indicated at 3,150 million pounds 15 percent below 1945. Of this quantity, about 650 million pounds were from commercial broilers, a reduction of 22 percent in commercial broiler production.

Commercial broiler output declined sharply during the first part of 1946 due to the sharp reduction in prices which occurred because of the withdrawal of Army procurement and the tight feed situation which developed during the spring. In February and March 1946, broiler growers in Delaware received an average price of 18.7 and 23.9 cents per pound respectively. In August 1946, prices had risen to almost 34 cents per pound. Prices received by growers during the next few months are expected to be higher, and an expansion in broiler output will undoubtedly occur.

Table 5.-Chicken: Supply and disposition in the United States, averages 1925-29, 1930-34, 1935-39, and years 1940-47

Year	Total production	Stocks at beginning of year	Imports	Commercial exports and shipments	Stocks at end of year	USDA net purchases for export	Military procurement	Civilian consumption: Total	Civilian consumption: Per capita
Averages:	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Lb.
1925-29	2,391	113	7	4	115			2,392	20.1
1930-34	2,496	107	1	2	103			2,499	19.9
1935-39	2,325	110	2	2	109			2,326	17.9
1940	2,423	109	2	2	140			2,392	18.0
1941	2,642	140	2	3	161			2,568	19.4
1942	2,988	161	3	24	149	22	135	2,844	21.5
1943	3,804	149	2	1	1/ 178		148	3,628	28.0
1944	3,468	1/ 178	22	8	2/ 134	1	470	3,056	23.6
1945	3,700	2/ 134	22	11	3/ 230	4	335	3,280	25.3
1946 4/	3,150	3/ 230						About	23
1947 5/	About the same as in 1946						same as in 1946	About the	

1/ Excludes 9 million pounds owned by the armed forces. 2/ Excludes 59 million pounds owned by the armed forces. 3/ Excludes 11 million pounds owned by the armed forces. 4/ Preliminary indication, Sept. 1946. 5/ Forecast.

Turkey Production May Increase: Prices Decline in 1947

Turkey production in 1947 is likely to increase over 1946 and may even exceed 1945 levels. A limiting factor in turkey production in 1946 was the shortage of feed. With ample feed supplies in prospect for most of 1947, the favorable returns which turkey growers have experienced during the past four years will stimulate a high level of output. Supplies available for civilians in 1947 are expected to exceed the record quantity of about 4-1/2 pounds consumed in 1946.

Prices received by growers during the 1947 marketing season are expected to decline from 1946 levels. A prospective decline in consumer incomes will materially affect the demand for turkeys and result in at least moderate declines in prices.

Turkey meat output for 1946 is now indicated at about 600 million pounds, dressed weight, 11 percent below the 1945 record but otherwise exceeding any previous year. At least as much turkey will be available per person during the 1946 marketing season as during 1945. The reduction in output will be more than offset by the large carryover of cold storage stocks and the decrease in Army procurement. Prices received by farmers during the 1946 marketing season are expected to remain at least at present levels and may rise to new highs, since red meat supplies will be short and consumer incomes will be exceptionally high. Price received by farmers for turkeys in mid-August was 32.8 cents per pound 5 percent below the record prices of 34.4 cents in January 1945

Table 6.- Turkeys: Supply and disposition, United States, averages 1930-34, 1935-39, and years 1940-47
(Dressed weight)

Year	Total production	Stocks at beginning of year	Imports	Shipments	Stocks at end of year	USDA net purchases for export	Military procurement	Civilian consumption Total	Civilian consumption Per capita
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Lb.
Averages:									
1930-34	255	11	2		13		[illegible]	255	2.0
1935-39	350	24	-		31			343	2.6
1940	482	52	-		61			473	3.6
1941	468	61	1		50		8	472	3.6
1942	496	50	1	5	36	5	18	488	3.7
1943	466	36	3		1/19		47	439	3.4
1944	552	1/19	4	2	2/37	2	100	436	3.4
1945	677	2/37	4	1	3/103	1	55	559	4.3
1946 4/	600	3/103							About 4.5
1947 5/	More than in 1946								(Moderately (larger than in 1946)

1/ Excludes 18 million pounds owned by the armed forces. 2/ Excludes 35 million pounds owned by the armed forces. 3/ Excludes 5 million pounds owned by the armed forces. 4/ Preliminary indication, Sept. 1946. 5/ Forecast.

SOME LONG-TIME FACTORS AFFECTING THE EGG AND POULTRY OUTLOOK

Eggs

Export Outlook for Eggs

During the past 5 years foreign requirements were important in the demand for eggs. The equivalent of about 83 million cases of shell eggs was exported, equal to approximately 11 percent of total production during the period. With the passage of Lend- Lease in March of 1941, the United States embarked on a large export program for the Allies.

The largest portion of the exports--about two-thirds--was shipped to Great Britain, 30 percent to the USSR, and the remainder to other countries. Except for 1941, most of the exports, about 90 percent, were in dried form. Negligible quantities of shell eggs during the war were shipped to Latin American countries or to islands near the United States.

Table 7.- Exports of eggs and egg products, United States, 1940-45 (shell equivalent)

Year	United Kingdom	U.S.S.R.	All others	Total
	Mil. doz.	Mil. doz.	Mil. doz.	Mil. doz.
1940	1	---	4	5
1941	140	---	6	1/ 146
1942	356	95	10	461
1943	461	220	13	694
1944	483	224	21	728
1945	189	179	61	2/ 429

1/ Correction. In the July 1946 Poultry and Egg Situation, this appeared as 73 million dozen.
2/ Revision.

The only likely large outlet for United States exports in the next few years is the United Kingdom. Next year it will be necessary for the United Kingdom to import some eggs from the United States, but after 1947 this need may disappear. At present, egg production in the United Kingdom is about two-thirds of the 400 million dozen produced in prewar years. Improved feed supplies which may occur by the end of 1947 should result in an improvement in the British production picture.

Rebuilding of the poultry industry, occurring in some of the exporting European nations, will affect the United States export position. In prewar years, the United Kingdom imported about the equivalent of 250 to 300 million dozen shell eggs, primarily from Denmark, Eire, the Netherlands, and Poland. During 1946, the United Kingdom was already importing some eggs from Denmark and these imports will probably continue to increase. In addition, new sources of imports to the United Kingdom were developed during the war, particularly Canada and the Argentine. Canada, which in prewar years exported only negligible quantities of eggs to the United Kingdom, has been shipping the equivalent of about 60 to 80 million dozen shell eggs to the United Kingdom in the past 3 years Australia also has resumed the exporting of some egg products to the United Kingdom in the past 2 years.

Other European countries are unlikely to be United States egg customers particularly in view of the relatively high price levels likely to prevail in the United States. However, there may be some increases in exports and shipments of eggs from the United States to nearby islands and some Latin American countries, but these will probably amount to less than one percent of the total United States egg production.

Further Increases in Rate of Lay
Possibilities

A notable achievement in egg production has been the upward trend in the rate of lay. This has been increasing consistently since 1909, with the exception of the drought years of the 1930's. The most pronounced increases occurred from 1934 to 1945. The annual rate of lay per hen housed on January 1 has advanced from an average of 96 in 1935 to 118 in 1945. The rate of lay in 1946 probably will be about 2 eggs less than the 1945 record.

This sharp upward movement has been due to four factors: (1) the shift from farm hatching to commercial hatching, (2) improved efficiency in breeding, (3) the increase in the ratio of pullets to hens, and (4) better feed and feeding practices. In recent years, favorable weather may have had some influence.

Further increases in rate of lay are possible since all of these factors may operate to a greater extent during the next few years with the exception of further increases in commercial hatchings. During 1946 almost 90 percent of all the chickens raised were commercially hatched, in contrast to less than 50 percent in the early 1930's.

An important factor in the increased efficiency of breeding has been the National Poultry Improvement Plan which has been in operation since 1935. Participation has increased every year, and at present the program covers 47 States. However, only about one-half of the total hatchery capacity is now included. Further increases in participation will undoubtedly occur and would materially improve the quality of chickens produced.

Table 8.-Participation in the National Poultry Improvement Plan. United States, 1935-46

Hatchery year	Number of flocks	Average number of hens per flock at beginning of season	Total number of birds at beginning of season	Egg capacity of hatcheries participating
	Number	Number	Thousands	Thousands
1935-36	23,313	148	3,522	38,066
1936-37	30,556	214	6,556	52,592
1937-38	28,820	206	5,948	60,523
1938-39	42,521	203	8,654	75,783
1939-40	50,559	212	10,714	90,579
1940-41	59,136	203	12,011	117,916
1941-42	69,681	223	15,519	135,742
1942-43	69,569	238	16,534	149,427
1943-44	81,844	248	20,332	189,756
1944-45	73,578	253	18,592	206,259
1945-46	92,324	270	24,904	259,453

During the past few years there has been a distinct trend towards all-pullet flocks and this trend probably will continue. Much favorable publicity has been given to this trend in recent years. Pullets ordinarily lay about 20 percent more eggs than hens a year old or older. During the past 4 years 66 percent of the laying flock on hand January 1 have been pullets compared with 60 percent in the early 1930's and 63 percent in 1935-39. The area where marked increases may still occur are in the South where only about 60 percent of the chickens in laying flocks on January 1 are pullets. Other areas, particularly the east, and North Central states have reached a ratio of about 70 percent pullets to 30 percent hens.

Table 9.-Hens and pullets on farms and pullets as a percentage of total January 1, averages 1931-35, 1936-40 and years 1941-47 2/

Year	Hens	Pullets	Total	Pullets as a percentage of total
	Millions	Millions	Millions	Percent
Average 1931-35	151	232	383	61
Average 1936-40	135	237	373	64
1941	141	240	381	63
1942	149	277	426	65
1943	169	318	488	65
1944	171	347	519	67
1945	169	299	469	64
1946 1/	147	322	469	69
1947 2/	140	295	435	68

1/ Preliminary
2/ Tentative indication, September 1946.

Effects of Increased Rate of Lay on the Egg Industry

The increases in the rate of lay have come from improvements in the fall and winter months. A larger proportion of the eggs produced per layer are now produced in the fourth quarter of the year. For the 3 years, 1925-27, less than 16 percent of the eggs produced per layer were in the months October through January. This increased to 20 percent in 1936-38, and during 1943-45 23 percent of the eggs produced per layer were in those 4 months. (See Table 10.)

The changing seasonality in production per layer has resulted in a leveling out of egg consumption and prices. In the late twenties only 20 percent of the total egg consumption was in the last quarter of the year. This percentage increased sharply and during the past 5 years (1941-45), egg consumption in the last quarter has been about 25 percent of the total.

Prices received by farmers have also leveled out. While in the late twenties prices received by farmers in the last quarter of the year were about 80 percent above those of the second quarter, in the past 5 years the last-quarter prices have been only about 45 percent above those of the flush season.

Table 10.- Monthly production of eggs per 100 layers, United States, averages 1925-27, 1936-38 and 1943-45

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept	Oct.	Nov.	Dec.	Total
	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.
Average													
1925-27	493	784	1,391	1,613	1,610	1,358	1,214	1,061	834	600	384	388	11,729
1936-38	705	889	1,430	1,685	1,702	1,457	1,302	1,132	909	715	544	595	13,067
1943-45	963	1,161	1,597	1,719	1,737	1,521	1,399	1,255	1,032	857	726	798	14,764
	Percentage each month is of 12-months aggregate												
1925-27	4.2	6.7	11.9	13.7	13.7	11.6	10.4	9.0	7.1	5.1	3.3	3.3	100.0
1936-38	5.4	6.8	10.9	12.9	13.0	11.1	10.0	8.7	7.0	5.5	4.2	4.5	100.0
1943-45	6.5	7.9	10.8	11.6	11.8	10.3	9.5	8.5	7.0	5.8	4.9	5.4	100.0

Chickens

Commercial Broiler Production May Increase Further

The commercial broiler industry has shown remarkable growth during the past decade. In the early 1930's, commercial broiler output was less than 30 million birds, but output increased sharply and by 1945 it reached a record of 312 million birds. In 1946 weaker demand and a tight feed situation in the early part of the year resulted in a decrease of about 22 percent in output. The proportion of chicken meat provided by farm chickens has declined sharply, while that from commercial broilers has increased.

Table 11. - Chicken meat production: Commercial broilers, farm, and total, and commercial broilers as a percentage of total, 1934-46

(Dressed weight bans)

Year	Commercial broilers 1/	Farm chickens 2/	Total	Commercial broilers as a percentage of total
	Mil. lbs.	Mil. lbs.	Mil. lbs.	Percent
1934	85	2,307	2,392	3.6
1935	108	2,189	2,297	4.7
1936	134	2,258	2,392	5.6
1937	172	2,100	2,272	7.6
1938	211	2,003	2,214	9.5
1939	261	2,188	2,449	10.7
1940	337	2,085	2,422	13.9
1941	445	2,197	2,642	16.8
1942	534	2,454	2,988	17.9
1943	647	3,157	3,804	17.0
1944	621	2,847	3,468	17.9
1945	830	2,870	3,700	22.4
1946 3/	650	2,500	3,150	20.6

1/ Commercial broilers include all young chickens of the heavy or crossbreeds 2-4 pounds live weight raised for meat, and from which pullets are sold for broilers as well as the cockerels. "Commercial broiler" production is not included in farm production estimates. 2/ Includes an allowance of 10 percent for nonfarm production 3/ Tentative indication, September 1946.

The demand for chicken during the next few years, if a high level of purchasing power prevails, will be substantially higher than in the prewar period when 18 pounds was the average per capita consumption. Improvement in marketing methods occurred in the years immediately prior to the war. Although discarded somewhat during the war years, these improvements will now aid in obtaining a higher level of consumption. Marketing of eviscerated, cut-up and canned boned chicken will increase.

An increasing price advantage relative to other meats is also important in increasing chicken consumption. Prices of broilers were declining in relation to other meats from 1934 (the first year for which broiler price estimates are available) until 1943 when price ceilings were imposed. This downward trend should continue in the next few years, in view of the improved feeding, shorter egg-to-market time, and the better marketing techniques. This will tend to result in greater competition between the red meats and the specialized chicken meat produced by commercial broilers.

From 1934 through 1936, a pound of broiler meat was equivalent in farm price to about 3 pounds of lamb and veal, but, by 1942, it was equivalent to about 2 pounds. A similar situation has existed with relation to cattle prices. The only type of red meat with which broilers have not shown a consistent downward trend in price relationships has been pork.

Table 12.-Specified broiler-livestock price ratios, 1934-45

Year	Broiler - hog	Broiler - cattle	Broiler - veal	Broiler - lamb
	Pounds	Pounds	Pounds	Pounds
1934	4.7	4.7	3.9	3.3
1935	2.3	3.3	2.8	2.8
1936	2.2	3.6	2.9	2.6
1937	2.3	3.1	2.6	2.4
1938	2.5	2.9	2.4	2.7
1939	2.7	2.4	2.0	2.2
1940	3.2	2.3	2.0	2.1
1941	2.0	2.1	1.8	1.9
1942	1.8	2.2	1.8	2.0
1943	2.1	2.4	2.1	2.2
1944	2.2	2.7	2.3	2.3
1945	2.1	2.4	2.2	2.3

A decline of 5 to 10 percent apparently is necessary to adjust egg production to probable domestic and export demand during the next few years. If there is also an improvement in rate of lay, the number of chickens raised for flock replacement purposes will decline even from prewar levels. About 600 million birds should be sufficient to provide replacement stock for egg production purposes in the next few years. If this occurs, production of chicken meat from farm chickens would be 2.0 to 2.2 billion pounds. A per capita consumption of over 20 pounds per person would bring about a total consumption of at least 3 billion pounds of chicken meat. The disparity between production of farm chicken meat and the demand for chicken will necessarily be filled by increased commercial broiler output. Hence a production of a billion pounds of commercial broilers, dressed weight, is not unlikely.

Turkeys

Changing Seasonality of Turkey Consumption

Turkey consumption has been increasing since the early 1930's. Turkey consumption from 1930 through 1934 averaged 2.0 pounds per person, and increased to 2.6 pounds in 1935-39; by 1942 it had reached 3.4 pounds per person. During 1943 and 1944, because of large Army procurement, per capita consumption remained about unchanged; but in 1945 and 1946 it continued its upward trend. (See table 6)

The demand for turkey is expected to remain strong for the next few years, particularly if a high level of consumer purchasing power continues. Continuing changes and improvements in marketing methods will aid in further increasing turkey consumption. Among the improvements in marketing have been increased sales of eviscerated and cut-up turkey, and the expansion in retail markets of freezer lockers. In addition, demand from the hotel and restaurant trade has been strong.

There has been a leveling out of seasonality of turkey consumption, and this is expected to continue during the next few years. Although the largest portion of the turkey crop is marketed and used during the holiday months November and December, there appears to be a distinct trend towards a larger proportion being consumed in other months of the year. Marketings of turkeys during November and December from 1937 to 1943 accounted for 75 to 80 percent of output. However, in 1944 and 1945 less than 70 percent of the production was marketed in those two months. And in 1946, based on farmers' intentions as of late August, only about 65 percent of the turkey crop will be marketed in these two months. Much of this goes into storage.

Table 13.-Proportion of turkey crop marketed in different months, 1937-46

Year	Nov.	Dec.	Other months	Year	Nov.	Dec.	Other months
	Percent	Percent	Percent		Percent	Percent	Percent
1937	38.0	36.0	26.0	1942	41.1	36.3	22.6
1938	40.8	37.8	21.4	1943	41.1	35.2	23.7
1939	38.8	36.1	25.1	1944	38.7	30.9	30.4
1940	42.1	36.9	21.0	1945	36.4	30.0	33.6
1941	39.8	38.9	21.3	1946 1/	39.6	26.4	34.0

1/ Intentions as of late August.

In addition to the shifts in the months of marketing, there has been an increased consumption of turkey from cold storage during the past few years. In the early 1930's, less than 25 million pounds of storage turkey were consumed or less than 5 percent of the total crop. In 1945 and 1946, in spite of increased holiday consumption, the quantity of turkey consumed from storage was more than 50 million pounds, in excess of 10 percent of the annual production.

Table 14.-Turkeys: Net out-movement, production, and net out-movement as percentage of previous year's production 1/

Year	Net out-movement	Production (dressed weight)	Net out-movement as percentage of previous year's production	Year	Net out-movement	Production (dressed weight)	Net out-movement as percentage of previous year's production
	Mil. lb.	Mil. lb.	Percent		Mil. lb.	Mil. lb.	Percent
1929	10.8	212.7		1938	24.2	354.8	7.0
1930	11.6	215.9	5.5	1939	20.3	422.3	5.7
1931	6.2	214.0	2.9	1940	53.6	482.2	12.7
1932	13.2	264.4	6.2	1941	57.1	467.6	11.8
1933	15.1	297.5	5.7	1942	51.6	496.3	11.0
1934	18.2	283.8	6.1	1943	32.5	466.2	6.6
1935	19.9	267.3	7.0	1944	31.3	552.0	6.7
1936	16.4	361.4	6.1	1945	56.3	677.0	10.2
1937	35.6	345.5	9.9	1946 1/	85.0		12.6

1/ Tentative indication, September 1945.

Regional Turkey Production Trends

The 1945 turkey crop was the largest on record--nearly 45 million birds raised. Preliminary estimates of turkeys raised for 1946 show a reduction of about 9 percent. The turkey crop for the 3 years, 1943-45, averaged 38 million head, more than double the 18 million head average for 1929-1931. The number of turkeys raised in the 3 years 1943-45 was one for every 3-1/2 persons, while in the early 1930's it had been only one for every 7 people. With the demand for turkeys remaining strong further production increases probably will occur in the next few years.

The largest increases in recent years have occured in the North Atlantic and East North Central States where production from 1943 through 1945 was about quadruple that of the years 1929 through 1931. About 13 percent of the total number of turkeys raised was produced in these two regions, compared with less than 10 percent almost two decades ago. Output in the West North Central and Western States has about trebled in the past 10 years, while in the South Central States production has remained about unchanged.

Table 15.-Turkeys raised on farms, United States and by regions, and regions as a percentage of total, averages 1929-31, 1936-38, and 1943-45

Year	U. S.	North Atlantic	East North Central	West North Central	South Atlantic	South Central	Western	As a percentage of total: N.A.	E. N. C.	W. N. C.	S.A.	S.C.	West
	1,000	1,000	1,000	1,000	1,000	1,000	1,000	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Average													
1929-31	18,048	695	1,015	4,440	1,702	3,730	4,466	3.9	5.6	24.6	9.4	31.8	24.7
1936-38	26,874	1,526	2,215	8,087	2,090	6,460	6,496	5.7	8.2	30.1	7.8	24.0	24.2
1943-45	38,030	2,721	3,927	11,034	2,756	6,031	11,560	7.2	10.3	29.0	7.2	15.9	30.4

Increased production was also made possible by other factors: (1) The shift to commercial hatchings of poults. Although exact figures are not available as to the proportion of poults commercially hatched, there has been a distinct trend away from farm hatchings to commercial hatchings: and (2) a tendency for turkey losses to decline as production practices improved. Although figures are not available for enough years to indicate a definite trend, during the past two years, 1944 and 1945, the proportion of turkeys lost was materially below that of the 1930's.

Table 16.- Death loss of turkeys

Year	Young turkeys lost as a percent of total numbers bought and home-hatched	Breeding stock lost as a percentage of total numbers on hand, January 1
	Percent	Percent
1941	27.8	10.1
1942	28.8	11.1
1943	29.7	11.8
1944	25.9	10.7
1945	22.5	9.6

Extension of the National Turkey Improvement Plan which probably will occur in the next few years similar to that which has taken place in the National Poultry Improvement Plan will tend to strengthen the above trends. The National Turkey Improvement Plan was inaugurated in 1943,

Table 17.-Participation in the National Turkey Improvement Plan

Hatchery year	Number of States participating	Flocks	Number of birds retained as breeders	Hatcheries participating	
				Number	Egg Capacity
	Number	Number	Thousands		Thousands
1943-44	8	347	56	13	363
1944-45	26	1,657	756	233	13,063
1945-46	30	4,317	2,222	505	18,952

RECENT DEVELOPMENTS

USDA Announces Hen and Pullet Goals

The United States Department of Agriculture on August 23 announced a hen and pullet goal for January 1, 1947 of 435 million. This number is about the number of birds expected to be on hand next January. The goal is a reduction of 7 percent from the number on farms January 1, 1946.

USDA Frozen-Egg Purchases Terminated

Government procurement of egg products during the past month has declined sharply in view of the seasonal decrease in supplies of shell eggs. Purchases of dried eggs during August and September were averaging less than 1 million pounds per week, compared with over 2 million pounds during July. Frozen-egg purchases during July and August were negligible.

Procurement of frozen eggs for export was terminated as of September 12. Total purchases for export during 1946 were 11 million pounds. In addition, the USDA purchased about 4 million pounds for price support purposes during the flush production season. Prices paid for frozen eggs for price support were 28-3/4 cents per pound. Frozen egg prices under the procurement program were about 1 to 2 cents per pound higher.

The dried-egg procurement program was modified in August to take into account the seasonality in egg prices necessary to meet price support commitments. The USDA purchase eggs was dependent upon the price returned to the producer. Most purchases in September were made at $1.26 per pound.

Table 18.-Purchases through September 14, 1946, of dried whole egg by Production and Marketing Administration, by Months scheduled for delivery

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
1941						0.7	1.2	2.6	2.6	5.7	8.7	13.9	35.6
1942	11.4	12.9	13.1	13.4	18.3	17.5	18.5	19.2	19.2	22.0	25.3	15.8	206.6
1943	7.2	20.1	12.6	21.4	17.2	10.9	19.6	19.9	16.1	16.4	20.1	28.1	209.6
1944	26.4	27.0	18.3	27.7	27.0	26.1	24.8	31.5	24.2	20.4	12.8	7.6	273.8
1945	6.2	5.0	9.8	10.6	3.5	0.6	0.1	0.3	---	---	---	---	36.1
1946	---	4.2	15.0	16.8	12.2	13.7	11.3	10.5	4.6				

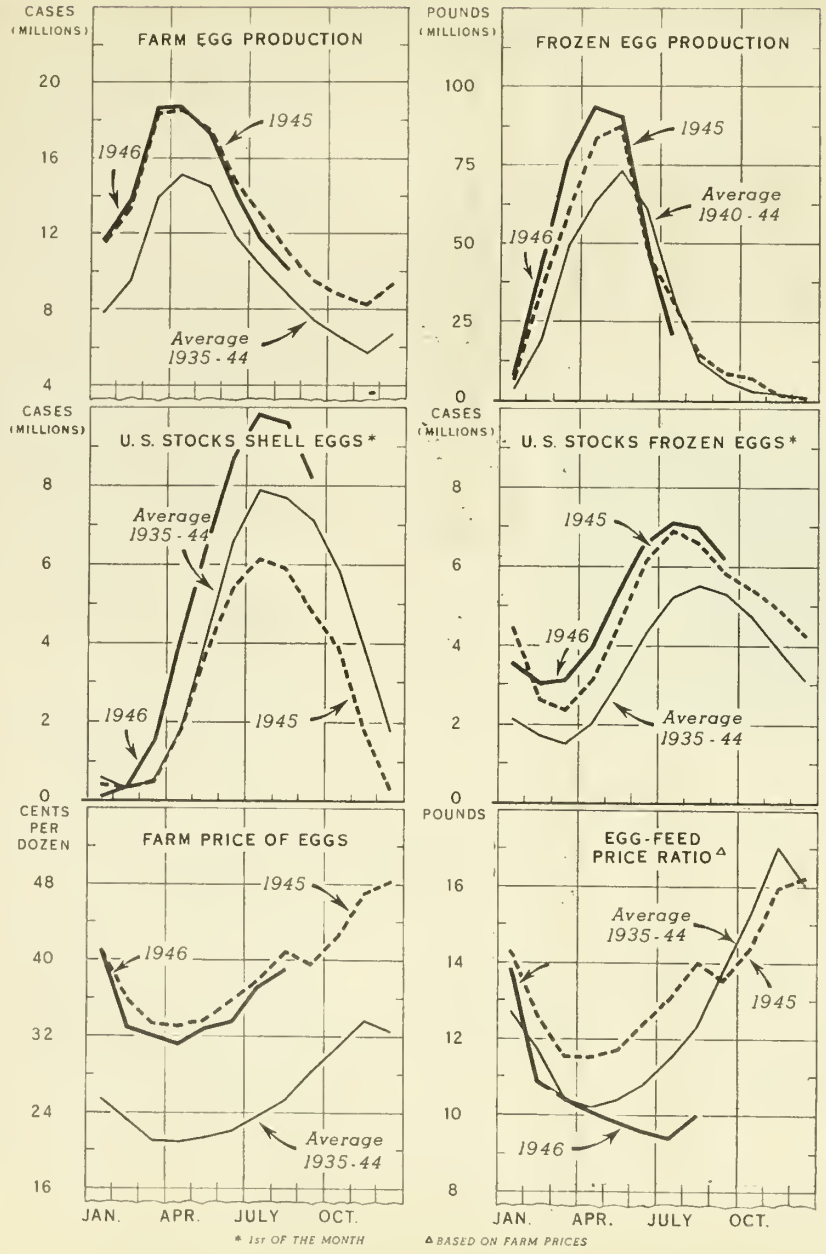
Poultry Products Suspended from Price Controls

All poultry products have been exempt from price controls since July 1. Poultry products were to remain free of price control after August 20, unless the Price Decontrol Board decided that maximum prices should be reestablished. The Decontrol Board took no action, and poultry products are at present exempt from any maximum price regulations. However, the Secretary of Agriculture can initiate action, subject to approval of the Board, to recontrol poultry products at some future date under certain conditions.

Wholesale egg prices did not increase during July following the lapse of price controls. However, in the past few weeks, wholesale prices for top grades of eggs have risen almost as much as usual for this season. Prices of low-quality eggs have not shown the usual seasonal increases since July 1.

Chicken prices increased sharply during the first week in July, but by the first of August had receded to late June levels. Prices again increased in early September. Turkey prices showed little change during July and early August, but in recent weeks have risen.

THE EGG SITUATION



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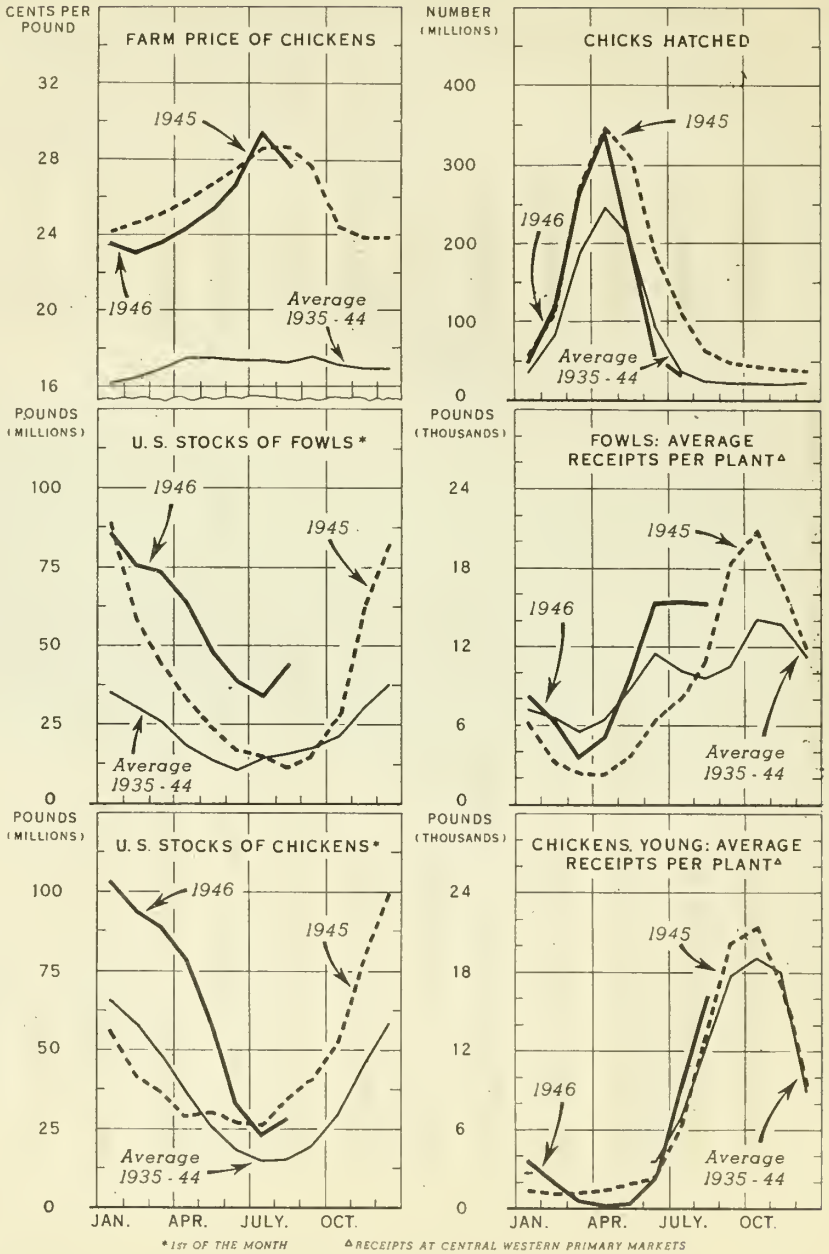

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